

A Map of the New Television Ad Model Landscape: Viewer and Industry Evaluations.

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Abstract¹

As the digital TV revolution reaches Australian homes, it brings with it an evolving range of existing and potential advertising models. This study investigated the potential of 42 digital ad models made possible in the new television landscape. The models were tested and evaluated by 196 viewers from the general public and 239 industry professionals. Cluster analysis of the ratings found six ad model clusters: interactive models (26%), advertiser controlled (19%), program maximisers (14.3%), search (14.3%), objectionable (14.3%), and viewer controlled (12%). These clusters represent a picture of where television viewers and media buyers converged and diverged in their attitudes towards the new ad models.

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Background

Today's media landscape is undergoing major changes in a number of different domains as audiences are fragmenting, viewers are gaining more control, clutter is increasing, and the need for accountability is also increasing (Varan, 2006). The digitisation of television offers a number of opportunities for advertisers to combat the alleged death of the 30-second spot (Jaffee, 2005; Manly, 2005) and become more competitive in the increasingly fragmented mass-media market (Berte, Vyncke, and De Bens, 2010). As advancing television technology expands advertising options beyond the 30-second spot, advertisers are faced with a bewildering array of options. Which ones should they choose?

Research has been completed on attributes that appeal or work with different audiences. Relevancy and intrusion are two important considerations that are addressed by digital ad models and in-program advertising (Balasubramanian, Karrh, and Patwardhan, 2006; Bellman, Schweda, and Varan, 2011; Lehu and Bressoud, 2008). Television advertising and industry research have focused on customized creative (Keegan, 2004), advergaming (Martinsen, Bloxham, and Holmes, 2006; Svahn, 2005), and interactive banners (Dix et al., 2010). This study aims to provide an easy way to classify the options available now, and the new models that advertisers get pitched about practically every week. This study's purpose was not only to identify the potential reaction from viewers to these ad models, but also to systematically gauge the gap between how viewers and industry perceive various ad models.

RQ1: How do attitudes toward new ad models differ between television viewers in the general public and industry professionals?

RQ2: Which ad models will have the most positive support from viewers and industry professionals?

Method

Sample

The television viewer sample ($n = 196$) ranged in age from 18 to 90 years ($M = 45.9$). The TV viewer participants were members of the TV Panel (www.tvpanel.org), which consists of over 3,000 members of the general public in the Perth metropolitan area who have agreed to participate in "a series of studies into a new world of television." Each TV Panel member was compensated with a \$20 department store gift voucher.

The volunteered industry sample ($n = 239$) was primarily 18 to 34 year old females (56%), with most industry participants coming from general media positions (80%). They were employees of two companies in the U.S. (Starcom, Chicago, and MediaVest, New York) participating in the *Beyond :30* consortium that funded the research. Participation was on a voluntary basis during work hours and anonymous. Media planning and buying were the most represented departments (29% and 36% respectively). Employees in the research department of each company ran focus group sessions and sent the data to the researchers for analysis.

Stimuli and Procedure

The study explored 42 ad models made possible via digital media technologies. The 42 ad models were based on existing interactive ad models used in the UK and US (Bellman, 2011; Sky Media, 2011), as well as models that were explored in the *Beyond :30* consortium project but did not yet exist in the industry. Each ad model was produced as a simulation to ensure that participants received the exact same experience of the model and its unique features. Each simulation was created using ads or programs recorded 'off-air' in the United States that

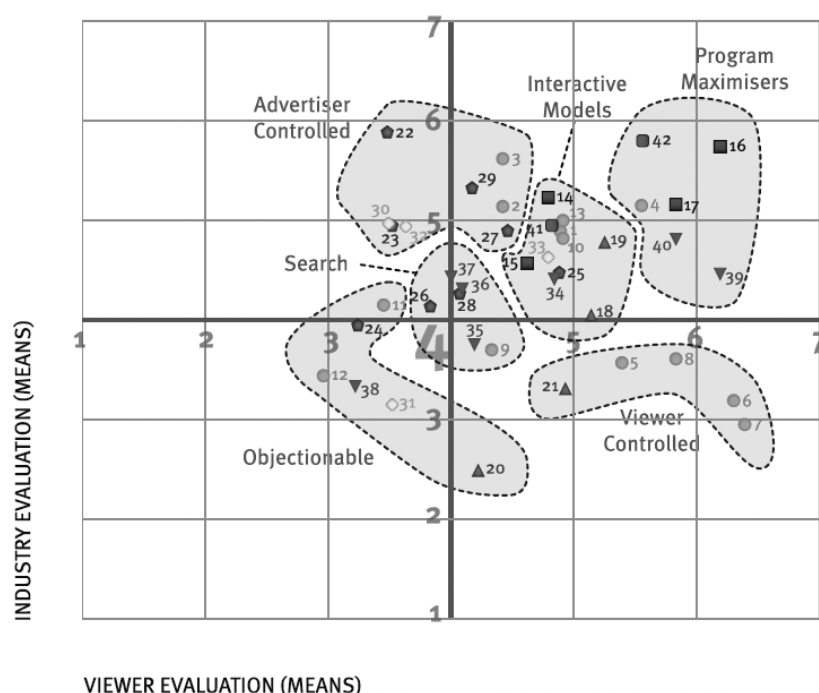
had not been aired in Australia (no animatics), and all graphics were produced in-house to previous study benchmarks or industry example standards. The stimuli were unfamiliar to the TV viewers so they could evaluate the ad models and not be swayed by familiar content. The ad models were arranged into four different presentation orders to counterbalance order effects and placed on DVD for use in the evaluation sessions.

A total of 32 evaluation sessions were conducted (28 viewer and 4 industry). The industry sessions were larger to allow minimal interference into the work schedules. In each session, the research assistant showed the participants the 42 ad models from the DVD. After each ad model there was a 7-second pause where the participants were asked to rate each ad model on a 1 to 7 scale according to the question “Which of the following best describes your feelings about this ad model?” with 1 being “I think this ad model is extremely bad” and 7 being “I think this ad model is extremely good” (item adapted from Bergkvist, 2006; Bergkvist and Rossiter, 2007). The average rating across all models for viewers was 4.63 and for industry 4.44. The viewer groups at the TV Panel responded using a dial and industry representatives marked their answers in a booklet. At the end of the evaluation session, viewer participants had a 15-20 minute discussion about the ad models. Industry representatives provided comments about the models in the booklet rather than participating in a discussion.

Results

An agglomeration hierarchical cluster analysis was carried out on each data set using Ward’s method and squared Euclidean distance measures. The six-cluster solution provided the most useful interpretation of how viewers and industry participants evaluated the ad models (Figure 1). Furthermore, there were respectable within and between cluster differences indicating the clusters represented separate groupings of the models. Unlike other solutions, the six-cluster solution separated the ad models around the scale’s neutral point (cluster 4; centroids 4.09, 4.10) as being discrete from those in the other clusters. We now discuss each of these clusters and the models that defined them.

Figure 1 Six-Cluster Solution for 42 Ad Models



1. Program Maximisers

There are six “win-win” models that viewers like and which advertisers also agree would be effective. We call these models *program maximisers* as they generally enhanced the program-viewing experience. These models either made viewing more convenient or more efficient, or enabled access to additional (sponsored) program content.

Repeat substitution is where a different ad creative for a product is delivered to the viewer after, say, three exposures to a specific creative ($M_v = 5.55$, $M_i = 5.15$). Two other models in this cluster allowed viewers to schedule a program to record by either responding to an overlaid banner shown during a program promo ($M_v = 6.19$, $M_i = 5.74$) or selecting it in the electronic program guide ([EPG]; $M_v = 6.19$, $M_i = 4.46$). Similarly, two models set up an on-screen reminder for a program when it starts, by either responding to a banner during a promo ($M_v = 5.83$, $M_i = 5.16$) or when navigating through the EPG ($M_v = 5.83$, $M_i = 4.81$). The last ad model in this cluster was the sponsored console, in which viewers could activate an advertiser-sponsored, program-related information console overlaid on the broadcast stream, such as player information featured during a football game ($M_v = 5.56$, $M_i = 5.80$).

The discussion comments about the sponsored console suggest that viewers enjoy being able to choose when to activate it for information whereas industry like the exclusivity of branding a space that the viewer has chosen to focus upon. Aiding control over the viewing experience was also a central feature of the four program-reminder and program-record models. Choice, however, was not a driving consideration for the “repeat ad substitution” model. Instead, viewers liked not being bored by repeatedly seeing the same ad creative.

2. Interactive Models

There were 11 models in the *interactive* cluster, making it the largest cluster of ad models, with some common attributes amongst them. That viewers positively rated all these models shows how open viewers actually are to interacting with their televisions and, in particular, with TV advertising.

Current interactive models are built on banner interactivity (the basic impulse response model) where you click to respond to a banner overlaid on the screen, often to receive information or a sample product ($M_v = 4.79$, $M_i = 5.23$). Viewers could also respond to buttons during ads to gather frequent viewing points redeemable for rewards ($M_v = 4.91$, $M_i = 5.00$), participate in polls about the program ($M_v = 4.79$, $M_i = 4.63$), or rate the ads with a ‘thumbs up’ or ‘thumbs down’ ($M_v = 4.91$, $M_i = 4.82$). The other classic industry model is the “microsite” (or dedicated advertiser location [DAL]) in which the viewer is taken to an interactive space when they respond to a button or banner ($M_v = 4.62$, $M_i = 4.57$). This cluster also included several types of sponsored interactive content, including trivia quizzes tailored for a product ($M_v = 5.14$, $M_i = 4.05$), or an arcade game ($M_v = 5.25$, $M_i = 4.78$), or extra content provided if you click on a teaser or short ad ($M_v = 4.88$, $M_i = 4.48$).

Two models in the cluster were based on content delivered by the set-top box. Creative customisation is where the ad creative delivered is targeted based on information about the household or viewer, which was equally popular with viewers and industry representatives ($M_v = 4.89$, $M_i = 4.89$), while the EPG picture-in-picture model featured an ad inset in $\frac{1}{4}$ of the screen while the viewer navigated the EPG ($M_v = 4.84$, $M_i = 4.41$). Finally, interactive narrative ads allow viewers to influence the narrative of an ad by using their remote control to decide where the ad should go next ($M_v = 4.82$, $M_i = 4.95$).

3. Viewer Controlled

There were five models in the *viewer-controlled* cluster. This set included two models that allow personal customisation of ads either based upon creative preferences set by viewer, such as humour ($M_v = 5.39$, $M_i = 3.57$), or product category preferences ($M_v = 6.30$, $M_i = 3.19$). Two ad models featured the ability to exclude certain ads. The model that causes the greatest division between viewers and industry is the “strike out” model, which is the viewers’ favourite but industry’s least favourite, because of viewers’ ability to instantly and forever avoid a specific ad ($M_v = 6.39$, $M_i = 2.95$). Similarly, the ad zapper model allows viewers to ‘zap’ ads they don’t like and be shown a different ad straight away ($M_v = 5.83$, $M_i = 3.61$). The last model in this cluster was a shared-screen game where viewers could play a game on part of the screen during programs or ads ($M_v = 4.93$, $M_i = 3.31$). Comments from industry representatives suggest that while they don’t like the ease with which viewers could use models like these to avoid an ad, they see an opportunity, if they were given access to the strike-out or zap data, to learn about the types of ads viewers don’t want to watch.

4. Search Models

The six ad models in the *search* cluster are the most neutral models for both industry and viewers. However, rather than being “boring” models, they need to be viewed as models associated with a neutral place to interrupt the viewing experience—the program guide—or that are best suited for a viewer who is seeking out advertiser information. There were three “pull” models for these more active viewers, such as the “showcase” area where viewers can select to see content from featured advertisers ($M_v = 4.07$, $M_i = 4.27$), the U-Vision model where viewers can select preferred ads to view ($M_v = 4.33$, $M_i = 3.70$) and a bookmarking function that saves ads for viewing at a later date ($M_v = 3.83$, $M_i = 4.14$). This cluster also includes three passive models designed to interrupt search tasks in the EPG, where ads appeared on the guide screen as ¼-screen video ads ($M_v = 4.19$, $M_i = 3.75$), graphic banner ads ($M_v = 4.09$, $M_i = 4.31$), or a mixture of the two ($M_v = 4.00$, $M_i = 4.43$). Despite the interruption, both viewers and industry rated these models neutrally.

5. Advertiser Controlled

Moving to models advertisers would like to use, if consumers were more favourable, the number one model in the *advertiser controlled* set is the “DVR-enabled linear speed bump” model ($M_v = 3.48$, $M_i = 5.89$). Industry liked its ability to present an ad’s message via a semi-transparent advertising banner while the ad is being fast-forwarded, but viewers ranked the model in their bottom five, with many considering it an intrusion by advertisers on the last refuge they have from advertising—namely, their ability to avoid it by fast-forwarding. This was not improved by allowing viewers to stop and replay the ad during fast-forwarding ($M_v = 3.52$, $M_i = 4.95$). However, viewers were slightly more positive when a banner was shown during a pause rather than when fast-forwarding ($M_v = 4.17$, $M_i = 5.33$). Comments from the viewer focus groups suggested viewers were ambivalent about this type of avoidance counter-attack model, with some disliking seeing even more advertising, but others felt they would only pause to carry out another task, such as leaving the room, which means they would avoid this type of ad anyway.

The ad model ranked second by industry in this cluster focused around targeted advertising, where the product advertised depended on household purchasing, such as dog rather than cat food ($M_v = 4.42$, $M_i = 5.62$). Offer customization dependent on philanthropy information was also popular ($M_v = 4.42$, $M_i = 5.14$). The other three models in the advertiser-controlled cluster were product placement ($M_v = 3.49$, $M_i = 4.97$), branded entertainment (M_v

= 3.63, $M_i = 4.94$) and telescopic advertising ($M_v = 4.46$, $M_i = 4.90$), where pressing a button during an ad takes the viewer to a long-form piece of content about the product.

6. Objectionable Models

There were six models in the cluster labelled *objectionable* because viewers, industry representatives, or both groups, evaluated them below the mid-point. The ad models included interactive product placement ($M_v = 3.52$, $M_i = 3.15$), in which interactive triggers are overlaid on program content. This cluster also included games overlaid over ads ($M_v = 4.22$, $M_i = 2.49$), saving a fast-forwarded ad for later viewing ($M_v = 3.24$, $M_i = 3.95$), and including ads as “programs” listed in the EPG ($M_v = 3.22$, $M_i = 3.33$).

Surprisingly, peer-to-peer models were not broadly appealing in this 2006 study, including peer ratings of ads ($M_v = 3.45$, $M_i = 4.15$) and a peer filter that allowed viewers to see only the ads that are rated as ‘best’ by their circle of friends ($M_v = 2.96$, $M_i = 3.44$). However, the discussion comments may illuminate this finding. One viewer was sceptical that their preferences would align with their “peers”, but these models could be attractive to teenagers, who are perhaps more susceptible to peer influence. Thus, for a younger demographic these models may no longer be objectionable (our viewers were all 18 years old or older).

The main complaint from viewers about interactive product placement is that they did not want to be aware of advertising during a program. This model was the opposite of the ‘program maximiser’ models that were rated most positively. Likewise, industry respondents felt this model was not viable because it interrupts the program experience but also because it detracts from what makes product placements work: organic integration with the story.

Discussion and Implications for Industry

The findings of this study indicate that both viewers and advertisers generally welcomed new digital TV ad models, with the average rating across all the models above the mid-point of the scale. Key insights from the results suggest that ad models with the highest ‘win-win’ for both viewers and industry allow advertisers maximise viewer’s television experience and empower the viewer. The contrast between the program maximiser and objectionable ad models highlights the extent to which new ad models need to give due regard to the program viewing context, which constitutes viewer’s primary motivation in watching television in the first place. Viewers are aware of attempts to work around them but are neutral about advertising in some contexts, such as when it is over the program guide or they are in search mode. Peer-to-peer models didn’t work with adults, but this may be different with a younger sample.

The results of this study are best understood as relative values useful for comparing models. For example, while the “strike out” addressable model gives viewers almost complete control over their ad viewing, the “repeat substitution” addressable model is a better compromise, as it gives the viewer variety in advertising while providing industry with control over the number of exposures per viewer. Rather than providing a definitive ‘road map’ to the future, the application of these results is tempered by the limitations of the method used: ratings of simulated stimuli. However, the identification of these six types of new ad models should better inform, stimulate, and enrich discourse associated with new opportunities for TV advertising, and help advertisers and digital TV providers navigate through key strategic decisions associated with both ad model development and media placement in television’s changing landscape.

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